exercise any of the powers of a Collector under this Act, and may in like manner at any time withdraw or modify such authority.

MADRAS ACT No. I OF 1888. [1]

[THE [2](MADRAS) LOCAL AUTHORITIES' LOAN ACT, 1888.]

[26*th January* 1888 ; 20*th April* 1888.]

An Act to empower Local Authorities to guarantee interest on, or to create a Fund for Repayment of, Capital expended on certain purposes.

Preamble. WHEREAS it is expedient to empower local authorities to charge their funds with the payment of interest on Capital applied to the carrying out of works to the execution of which the funds of the local authority can legally be applied ; It is hereby enacted as follows :—

Short title and extent. **1.** This Act shall be called the [2][Madras] Local Authorities' Loan Act, 1888. It extends to the whole of the Madras Presidency [3] * * * * * * * * *

Local authority. **2.** In this Act "local authority" means any district or municipal board constituted under the provisions of Acts IV [4] and V [4] of 1884 (Madras) or other such law for the time being in force ; and

Funds. "funds," used with reference to any local authority, means any district or municipal fund to the control or management of which such authority is entitled, and any rates, taxes or tolls leviable by, and any property vested in, such authority.

Power of local authority to guarantee payment of interest on, or to create a fund for re-payment of, capital expended on any work to which the funds may be applied. **3.** The [5] [State Government] [6] [* * * * * * * *], may authorize any local authority, either severally or in conjunction with any other local authority, to charge its funds or any part thereof by way of guarantee for the payment of interest on, or by the creation of a fund for the re-payment of, moneys expended or to be expended on any work or for any of the purposes to which such funds might be by law applied.

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[1] For Statement of Objects and Reasons, *see Fort St. George Gazette* Supplement, dated 15th November 1887, p. 1 ; for the Report of the Select Committee, *see ibid*, dated 3rd January 1888, p. 1 ; for Proceedings in Council, *see ibid*, dated 29th November 1887, p. 4 ; and *ibid*, dated 24th January 1888, p. 1.

[2] This word was inserted by section 3 (1) of, and the Second Schedule to, the Madras Repealing and Amending Act, 1951 (Madras Act XIV of 1951).

[3] The words " and shall come into force upon the passing thereof," were repealed by the Repealing and Amending Act, 1901 (Central Act XI of 1901) —Third Schedule, Part III.

[4] *See now* Madras Acts V and XIV of 1920.

[5] The words " Provincial Government " were substituted for the words " Local Government " by the Adaptation Order of 1937 and the word " State " was substituted for " Provincial " by the Adaptation Order of 1950.

[6] The words " with the previous sanction of the Governor-General in Council " were omitted by the Devolution Act, 1920 (Central Act XXXVIII of 1920—First Schedule, Part III).

Remedy by attachment if engagements not fulfilled.

4. In the event of default being made by a local authority in the fulfilment of engagements entered into under the last preceding section, the [1] [State Government] may, on the application of a person entitled under such engagements, attach the funds made subject to charge on account thereof. After such attachment, no person, except an officer appointed in this behalf by the [1] [State Government], shall in any way deal with the attached funds ; but such officer may do all acts in respect thereof which the local authority might have done if such attachment had not taken place, and may apply the proceeds to the discharge of the liabilities incurred and in payment of all costs due in respect thereof, and of all expenses caused by the attachment and subsequent proceedings consequent thereon :

Attachment not to defeat prior charges legally made.

Provided that no such attachment shall defeat or prejudice any debt for which the funds attached were previously pledged in accordance with law ; but all such prior charges shall be paid out of the proceeds of the funds before any part of the proceeds is applied to the satisfaction of a liability incurred under this Act.

Power of Govenmen to make rules.

5. The [1] [State Government] may, from time to time, make rules consistent with this Act as to—

(1) the nature of the funds on the security of which interest may be guaranteed ;

(2) the works for the carrying out of which the payment of interest may be guaranteed ;

(3) the manner of making application for sanction to give such guarantee ;

(4) the inquiries to be made in relation to such applications and the manner of conducting such inquiries ;

(5) the inspection of any works carried out under any contract in respect of which the payment of interest is guaranteed under this Act ;

(6) the accounts to be kept by the person or corporate body with whom such contract is made and for the inspection of the same ;

(7) attachment of the funds and the manner of collecting or disposing of them ;

and as to all other matters incidental to carrying this Act into effect.

All such rules shall be published in the [2] [Official Gazette].

Cancellation or alteration of rules.

The [1] [State Government] may, in like manner, from time to time, cancel or alter such rules.

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[1] The words "Provincial Government" were substituted for the words "Governor-in-Council" by the Adaptation Order of 1937 and the word "State" was substituted for "Provincial" by the Adaptation Order of 1950.

[2] These words were substituted for the words "*Fort St. George Gazette*" by the Adaptation Order of 1937.